



ATTORNEY GENERAL OF MISSOURI
ERIC SCHMITT

July 5, 2022

The Honorable Jennifer M. Granholm
Secretary of U.S. Department of Energy
1000 Independence Ave., SW
Washington, DC 20585

Dear Secretary Granholm:

I write this letter to you about the current state of diesel fuel in America as a plea on behalf of Missouri's farmers, ranchers, and truckers. Out here in Missouri, the use of diesel fuel is not a choice – it is a necessity of life – a necessity that impacts not only us in flyover country, but also the rest of the nation. However, every action taken by your Department of Energy to attack the use of traditional fossil fuels has had a reaction here in Missouri and other Midwest states that has created a tsunami in the form of skyrocketing price increases for groceries and household essentials that has flooded the United States.

Let us review, the primary driver of these increasing costs has been the decrease in supply of diesel caused by a reduction in the amount of oil being refined into diesel. This reduction in oil refining to diesel is the result of the constant attack on fossil fuels from Washington D.C. and the Biden Administration's Department of Energy. Just last week, the Administration announced its plan to only potentially allow new oil leases in the Gulf of Mexico – completely prohibiting leases in the Atlantic, Pacific, and Arctic Oceans. This is a major shift in the wrong direction from President Trump's plan that made America energy independent.¹

With the war on fossil fuels taking shape through threats of tougher emission standards, a mountain of regulations on refineries, and incentives to move to "clean energy," oil companies cannot afford to keep refineries running. Refining levels and capacity continue to drop in the United States. U.S. refineries now produce fewer than 18 million barrels per day, down more than one million barrels since the start of the COVID pandemic. By comparison, though, China is becoming the leading oil refiner in the world by continuing to increase their refining capacities - refining as many as 20 million barrels of oil per day by 2025.²

¹ <https://www.nytimes.com/2022/07/01/climate/biden-oil-gas-drilling-alaska.html>

² <https://www.instituteforenergyresearch.org/fossil-fuels/gas-and-oil/idled-u-s-refineries-not-likely-to-come-back-online/>

Not only has a reduction in the diesel supply caused diesel prices to increase, but it also has put America at great risk. This reduction in the supply of diesel fuel has reached a point where just one well-placed hurricane could result in a diesel fuel shortage that fails to meet the demands needed to keep the economy moving. If farmers do not have fuel, then crops and livestock will not make it to market, creating a food shortage. If truckers do not have fuel for their rigs, then they cannot move an untold number of products across the country. The Biden Administration's policies created supply-chain issues, but the diesel shortage could bring the supply chain to a halt.

To add insult to injury, the ideas being pushed by the Department of Energy to move machinery from diesel-powered to electric-powered is pure fantasy given the current state of battery and electrification technology. An August 2021 article from the Energy News Network explains this clearly: "Modern agriculture depends on a fleet of heavy-duty vehicles and machinery, from pickup trucks and small utility vehicles to massive tractors and combines that can weigh from a few tons up to as much as 15 tons, plus attachments. All that weight, along with dawn-to-dusk workdays and multiple worksites, adds to the challenges of electrification."³

These policies we have reviewed have directly impacted Missourians. Missourians who have already been suffering under the current and looming state of our economy. Missourians who are already struggling to make ends meet. Missourians who are in drastic need of a shift in the economic and energy policies coming from Washington, D.C., so that they can continue pursuing their American Dream.

You see, the price of diesel "out here" matters. In the heartland of America, diesel is the source of energy needed to keep the wheels of commerce turning both locally and nationally. Diesel fuel is used in the vast majority of farming machinery. Diesel is needed for tilling the land. Diesel is needed for planting crops. Diesel is needed to harvest the crops. Diesel is needed to feed livestock. Diesel is needed to irrigate the fields. Missouri provides soybeans, cattle, cotton, rice, wheat, potatoes, corn, and many more products for our country. In fact, we have one of the most diverse agricultural footprints in the world. Every one of these products has become more expensive to produce because of the increase in diesel prices used by farmers, not to mention also by the over-the-road truckers who help transport these goods to market.

So you can see the wide impact of skyrocketing diesel prices, and the impact is dramatic. The price of diesel fuel has increased roughly 80% compared to the price the year prior. As of July 5th, the average price of diesel in America stood at \$5.73, compared to \$3.25 a year ago.⁴ Compared to the national average, the average cost of a gallon of diesel is slightly lower in Missouri, coming in at \$5.34, but it is still 80% higher than a year ago when diesel cost \$2.99 a

³ <https://energynews.us/2021/08/18/weight-dawn-to-dusk-demands-pose-challenges-to-electrifying-farm-vehicles/>

⁴ <https://abcnews.go.com/Business/diesel-prices-lead-us-recession-experts/story?id=85540006#:~:text=Many%20facets%20of%20U.S.%20industry,and%20home%20delivery%2C%20experts%20said.>

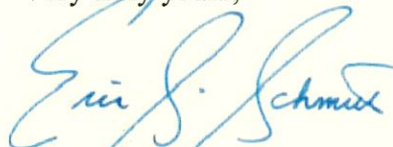
gallon.⁵ A simple federal gas tax holiday is not going to solve this issue. Taking \$0.24 off the price of each gallon still sticks the farmers and truckers with record high costs for diesel fuel.

Moreover, the rising cost of diesel fuel is driving the unbearable and unsustainable rise in inflation. The cost of diesel fuel increases the cost of food production. The cost of diesel fuel has led to trucking companies levying fuel surcharges on customers as they transport their goods across the states. The cost of diesel fuel has even led to fewer truck drivers because driving loads has become less profitable. So with a reduction in truckers available, the cost of shipping increases even more – but it is all caused by the rising price of diesel. Diesel cost is driving inflation.⁶

To suggest that farmers and other heavy equipment operators should “just” buy electric vehicles and equipment is downright silly. It demonstrates a complete lack of understanding of how real America works. Batteries provide only 15% of the energy as diesel,⁷ so batteries would have to be charged numerous times throughout the day as farmers work their fields or as truckers traverse the nation. Each time the batteries have to be recharged, time’s a wastin’ and time is money.

So instead of proposing ideas that merely bandage our broken system, like instituting a federal gas tax holiday or ideas that only exist in fantasy like moving toward electric machinery and electric tractor trailers, let’s work on solutions that we know will have an impact. Let’s primarily focus on ways to reopen refineries and ramp up diesel production now and for years to come. Only through greater diesel production will our diesel prices and diesel supplies stabilize and ensure our economy will remain on a stable footing. If the federal government does not gain control of the diesel crisis, major sectors of the economy will shut down. Here in Missouri, we will be one of the hardest hit. These are critical matters.

Very truly yours,



Eric S. Schmitt
Missouri Attorney General

⁵ <https://gasprices.aaa.com/?state=MO>

⁶ <https://time.com/6182262/diesel-shortage-inflation/>

⁷ <https://energynews.us/2021/08/18/weight-dawn-to-dusk-demands-pose-challenges-to-electrifying-farm-vehicles/>